

Office of Attorney General Terry Goddard



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FOR IMMEDIATE RELEASE

Terry Goddard Announces \$400,000 Settlement in Deceptive Practices Case

(Phoenix, Ariz. – March 10, 2008) Attorney General Terry Goddard today announced a \$400,000 settlement with Directory Billing, LLC, doing business as USDirectory.com, resolving allegations that the company engaged in deceptive business practices by using “live” activation checks to obligate businesses and organizations to pay for a preferred business listing.

Goddard joined 25 other state Attorneys General in this settlement. Directory Billing, based in Florida, will pay the participating states \$400,000 for consumer restitution and to reimburse states for their investigation costs. Arizona’s portion of the settlement is \$11,076.

The settlement allows current customers who cashed these live checks to cancel their agreement, and they may be eligible for a partial refund of monies paid to Directory Billing. The settlement also requires the company to stop using activation checks as the means of obligating businesses to purchase its products and services.

The States alleged that since early 2004, Directory Billing sent businesses and other organizations activation checks in the mail. These checks were made payable to the business or organization for a small amount, usually \$3.50. On the back of the checks was language stating that by depositing the check, the recipient agreed to purchase advertising from Directory Billing in its online yellow pages directory, and that the business authorized the company to bill monthly fees.

The investigation revealed that recipients who deposited these activation checks did so without understanding the obligation to purchase advertising or to authorize a monthly payment for services. Many were unaware of this deduction until months after they deposited the check.

Maricopa County Superior Court Barbara Mundell approved the settlement. This settlement does not constitute an admission of wrongdoing by Directory Billing.

Assistant Attorney General Cherie Howe handled this case.

If you believe you have been a victim of fraud, please contact the Attorney General’s Office in Phoenix at 602.542.5763; in Tucson at 520.628.6504; or outside the Phoenix and Tucson metro areas at 1.800.352.8431. To file a complaint in person, the Attorney General’s Office has 36 satellite offices throughout Arizona with volunteers available to help. Locations and hours are posted on the Attorney General’s Web site at www.azag.gov. Please visit the Web site to sign up for scam alerts and weekly messages from Attorney General Goddard.

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